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UNCLAS COLOMBO 001304

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SUBJECT: REPUBLIC OF MALDIVES -- JULY 2004 APPENDIX TO
2003 INVESTMENT CLIMATE STATEMENT

REF: (A) STATE 141379 (B) 03 COLOMBO 001540

This appendix serves as an update to the 2003 Investment Climate Statement for the Republic of Maldives. It has been provided to assist investors in the interim period resulting from the U.S. Government's decision to begin publishing the Country Commercial Guide (of which the Investment Climate Statement is a chapter) on a calendar year basis, in January instead of August.

The United States Government has reviewed the 2003 Investment Climate Statement for the Republic of Maldives, and has noted the following changes that have occurred since its publication. In most circumstances, if a portion of the 2003 Investment Climate Statement has not been modified in this appendix, it is because the U.S. Government is satisfied that it continues to accurately reflect the state of affairs in the Republic of Maldives as of July 2004.

Openness to Foreign Investment: No significant changes since 2003.

Conversion and Transfer Policies: No significant changes since 2003.

Expropriation and Compensation: No significant changes since 2003.

Dispute Settlement: No significant changes since 2003.

Performance Requirements and Incentives: No significant changes since 2003.

Right to Private Ownership and Establishment: No significant changes since 2003.

Protection of Property Rights: No significant changes since 2003.

Transparency of the Regulatory System: No significant changes since 2003.

Efficient Capital Markets and Portfolio Investment: No significant changes since 2003.

Political Violence: The Maldives has a strong record of political stability resulting from the homogenous nature of a society of one culture, one religion and one language. In a rare display of public opposition, September 2003 rioting elicited a swift response from the government, which has begun a process of constitution reforms to address the calls for change. Further violence seems unlikely. The current President has been in office since 1979.

Corruption: No significant changes since 2003.

Bilateral Investment Agreements: No significant changes since 2003.

OPIC And Other Investment Insurance Programs: No significant changes since 2003.

Labor: No significant changes since 2003.

Foreign Trade Zones/Free Ports: No significant changes since 2003.

Foreign Direct Investment Statistics: Statistics will be updated in the next full revision of the Investment Climate Statement, which will be published in January 2005.

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